

AMENDED IN ASSEMBLY SEPTEMBER 2, 2005

AMENDED IN ASSEMBLY AUGUST 15, 2005

AMENDED IN ASSEMBLY JULY 13, 2005

AMENDED IN SENATE APRIL 18, 2005

AMENDED IN SENATE FEBRUARY 28, 2005

**SENATE BILL**

**No. 20**

**Introduced by Senator Escutia**

**(Principal coauthor: Senator Speier)**

**(Coauthors: Senators Alquist, Cedillo, Ducheny, and Kuehl)**

(Coauthors: Assembly Members Chu, Karnette, Koretz, Laird, Pavley,  
and Ruskin)

December 6, 2004

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An act to amend Sections 11629.7, 11629.71, 11629.72, 11629.73, 11629.731, 11629.74, 11629.75, 11629.76, 11629.77, 11629.78, 11629.79, 11629.8, 11629.81, 11629.84, and 11629.85 of, to amend the heading of Article 5.5 (commencing with Section 11629.7) of, and to repeal Article 5.6 (commencing with Section 11629.9) of Chapter 1 of Part 3 of Division 2 of, the Insurance Code, and to amend Sections 4000.37, 4000.38, 16020.1, 16020.2, and 16056.1 of the Vehicle Code, relating to auto insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 20, as amended, Escutia. Auto insurance: low-cost policies: evidence of financial responsibility.

Existing law establishes, until January 1, 2007, a low-cost automobile insurance pilot program in the County of Los Angeles and the City and County of San Francisco. Existing law provides for the issuance of automobile liability policies pursuant to this program

under specified terms and conditions, and provides that a policy so issued satisfies specified requirements regarding financial responsibility.

This bill would eliminate the expiration date for these provisions.

The bill would, as of April 1, 2006, extend the low-cost automobile program to the Counties of Alameda, Fresno, Orange, Riverside, San Bernardino, and San Diego and would make expansion to all other counties in California subject to *a determination of need made by the Insurance Commissioner's discretion* *Commissioner following a public meeting, as specified*. It would require the commissioner to establish the annual rate offered initially under the program for these counties, and to adopt regulations to extend the program to other counties.

The bill would make certain other changes to the provisions governing the program, including raising the cap on the vehicle value that can be insured under this program from \$12,000 to \$20,000 and specifying only 2 policies per person may be purchased under this program.

Existing law requires the Department of Motor Vehicles to require each applicant for renewal of a motor vehicle registration to submit either a form approved by the department, but issued by the insurer, containing specified information, or any one of specified documents as evidence of coverage under an alternative form of financial responsibility that may be provided by the applicant in compliance with existing financial responsibility laws. Under existing law, on and after January 1, 2007, this requirement is made inapplicable to a vehicle owner with a residence address in the County of Los Angeles or in the City and County of San Francisco. Existing law also makes inapplicable on or after that date, with respect to persons in those 2 jurisdictions, a related evidence of financial responsibility requirement involving providing that information to a peace officer.

This bill would change the date, making the requirements regarding evidence of financial responsibility inapplicable on or after January 1, 2011, in the County of Los Angeles and in the City and County of San Francisco.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. The heading of Article 5.5 (commencing with  
2     Section 11629.7) of Chapter 1 of Part 3 of Division 2 of the  
3     Insurance Code is amended to read:

4  
5             Article 5.5. California Low-Cost Automobile Insurance  
6                             Program

7  
8     SEC. 2. Section 11629.7 of the Insurance Code is amended to  
9     read:

10     11629.7. (a) There is established, within the California  
11     Automobile Assigned Risk Plan established under Section  
12     11620, a low-cost automobile insurance program for all counties  
13     in California.

14     (b) For the purpose of making the low-cost automobile  
15     insurance program operational in all counties of California,  
16     pursuant to subdivision (a), a low-cost automobile insurance  
17     program shall commence operations in the Counties of Alameda,  
18     Fresno, Orange, Riverside, San Bernardino, and San Diego,  
19     effective April 1, 2006, and shall be made operational in all other  
20     counties of California ~~according to the discretion of~~ *based upon*  
21     *a determination of need made by the commissioner.* Program  
22     outreach shall focus primarily on those counties which have the  
23     highest number of uninsured drivers or the highest percentage of  
24     uninsured drivers or the highest percentage of low-income  
25     individuals. *In making the determination of need for each county,*  
26     *the commissioner shall consider each of the following:*

27         (1) *The number or percentage of motorists within the county*  
28         *who are uninsured.*

29         (2) *The number or percentage of residents within the county*  
30         *who are low-income.*

31         (3) *The availability of affordable automobile insurance*  
32         *options for the county's low-income residents within the private*  
33         *automobile insurance marketplace.*

34     (c) (1) *After making the initial determination of need, the*  
35     *commissioner shall, as soon as is practicable, hold a public*  
36     *meeting in that county.*

37         (2) *The public meeting required by paragraph (1) shall be*  
38         *held not for the consideration of rates, but for the public*

1 *discussion of the need and desirability of the program for the*  
2 *consumers of the county. Within 30 days after the public meeting,*  
3 *the commissioner shall make public his or her final*  
4 *determination of whether a need for the program exists within*  
5 *the county. A separate hearing shall be held for the consideration*  
6 *of rates pursuant to Section 11629.72.*

7 ~~(e)~~

8 (d) The commissioner, after a public hearing, shall approve or  
9 issue a reasonable plan for the equitable apportionment, among  
10 insurers required to participate in the California Automobile  
11 Assigned Risk Plan established under Section 11620, of persons  
12 residing in the counties or cities and counties set forth in  
13 subdivisions (a) and (b) who are eligible to purchase through the  
14 program established in each county or city and county a low-cost  
15 automobile insurance policy, as described in Section 11629.71.  
16 The program shall be conducted in conjunction with the  
17 California Automobile Assigned Risk Plan established under  
18 Section 11620.

19 SEC. 3. Section 11629.71 of the Insurance Code is amended  
20 to read:

21 11629.71. A low-cost automobile insurance policy for  
22 purposes of the program established under this article shall have  
23 all of the following attributes:

24 (a) The policy shall offer coverage in the amount of ten  
25 thousand dollars (\$10,000) for bodily injury to, or death of, each  
26 person as a result of any one accident and, subject to that limit as  
27 to one person, the amount of twenty thousand dollars (\$20,000)  
28 for bodily injury to, or death of all persons as a result of any one  
29 accident, and the amount of three thousand dollars (\$3,000) for  
30 damage to property of others as a result of any one accident.

31 (b) The coverage required by Section 11580.2 shall be made  
32 available to the consumer. However, an insurer may charge a  
33 premium for that coverage in addition to the premium set forth in  
34 Section 11629.72. Notwithstanding the coverage amounts  
35 required by Section 11580.2 and Section 16056 of the Vehicle  
36 Code, uninsured motorist coverage issued in conjunction with a  
37 low-cost automobile policy under the program, with coverage  
38 limits at least equal to the limits of liability in the underlying  
39 low-cost automobile policy, shall satisfy the requirements of

1 Section 11580.2 and the financial responsibility requirements of  
2 Sections 4000.37, 16021, and 16431 of the Vehicle Code.

3 (c) Medical payments coverage shall be made available to the  
4 consumer. However, an insurer may charge a premium for that  
5 coverage in addition to the premium set forth in Section  
6 11629.72.

7 (d) The policy shall have an initial term of one year, renewable  
8 on an annual basis thereafter.

9 (e) The policy shall cover the person named in the policy, and  
10 to the same extent that insurance is provided to the named  
11 insured, any other person using the automobile, provided the use  
12 is with his or her permission, express or implied, and within the  
13 scope of that permission, except that the policy shall not cover  
14 members of the named insured's household who do not satisfy  
15 the requirements of subdivisions (b) to (e), inclusive, of Section  
16 11629.73.

17 (f) The policy shall provide coverage for an automobile with a  
18 value, at the time of purchase by the insured, of twenty thousand  
19 dollars (\$20,000) or less, as evidenced by the value given to the  
20 automobile by the Department of Motor Vehicles in assessing  
21 vehicle license fees.

22 SEC. 4. Section 11629.72 of the Insurance Code is amended  
23 to read:

24 11629.72. (a) Effective March 1, 2003, the annual rate  
25 offered under the program for the low-cost automobile policy,  
26 unless and until the time that the rate is adjusted, shall be three  
27 hundred forty-seven dollars (\$347) per covered vehicle for the  
28 County of Los Angeles and three hundred fourteen dollars (\$314)  
29 per covered vehicle for the City and County of San Francisco,  
30 unless the commissioner establishes that rate or a different rate  
31 prior to that time. The annual rate offered initially under the  
32 program for each of the Counties of Alameda, Fresno, Orange,  
33 Riverside, San Bernardino, and San Diego shall be established by  
34 the commissioner no later than April 1, 2006. The annual rate  
35 offered initially under the program for each of the other counties  
36 in California shall be established at a date according to the  
37 discretion of the commissioner. A surcharge, as a percentage of  
38 the base rate, shall be added to the base rate and that percentage  
39 shall be set at the discretion of the commissioner, if the named  
40 insured is an unmarried male between the ages of 19 and 24,

1 inclusive, or if an unmarried male between the ages of 19 and 24,  
2 inclusive, resides in the household of the named insured and will  
3 be a driver of the automobile covered under the low-cost policy.

4 (b) In addition to existing premium installment options offered  
5 by the California Automobile Assigned Risk Plan under Article 4  
6 (commencing with Section 11620), the plan shall also make  
7 available to an insured under the program a premium installment  
8 option pursuant to which an insured is required to pay not more  
9 than 15 percent of the total policy cost upon issuance of the  
10 low-cost policy, followed thereafter by six other payments. No  
11 other premium financing arrangement shall be permitted.

12 (c) Rates for policies issued under the program in each county  
13 or city and county shall be reviewed and revised as follows:

14 (1) Rates shall be sufficient to cover (A) losses incurred under  
15 policies issued under the program, and (B) expenses, including,  
16 but not limited to, all reasonable and necessary expenses such as  
17 the costs of administration, underwriting, taxes, commissions,  
18 and claims adjusting, that are incurred due to participation in the  
19 program. For purposes of this paragraph, "losses incurred" means  
20 claims paid, claims incurred and reported, and claims incurred  
21 but not yet reported. In assessing loss reserves, the commissioner  
22 shall only allow loss reserves that are estimated from actual  
23 losses in the program or comparable data by a licensed statistical  
24 agent, as adjusted to reflect coverage provided under the  
25 program.

26 (2) Rates shall be set so as to result in no projected subsidy of  
27 the program by those policyholders of insurers issuing policies  
28 under the program who are not participants in the program.

29 (3) Rates shall be set with respect to the program so as to  
30 result in no projected subsidy by policyholders in one county of  
31 policyholders in any of the other counties.

32 (4) Commencing on January 1, 2001, and annually thereafter,  
33 the California Automobile Assigned Risk Plan shall submit the  
34 loss and expense data, together with a proposed rate and the  
35 surcharge authorized by subdivision (a) for the low-cost  
36 automobile policy for the program, to the commissioner for  
37 approval in accordance with this chapter. The commissioner shall  
38 act on the recommendation within 90 days.

39 SEC. 5. Section 11629.73 of the Insurance Code is amended  
40 to read:

1 11629.73. A low-cost automobile insurance policy under the  
2 program shall only be available for purchase by persons who  
3 satisfy the following eligibility requirements:

4 (a) The person shall be in a household with a gross annual  
5 household income that does not exceed 250 percent of the federal  
6 poverty level, as defined in Part 6.2 (commencing with Section  
7 12693) or as defined in an equivalent manner that is approved by  
8 the commissioner.

9 (b) The person shall be no less than 19 years of age and have  
10 been continuously licensed to drive an automobile for the  
11 previous three years.

12 (c) The person shall have not more than one of either, but not  
13 both, of the following within the previous three years:

14 (1) A property damage only accident in which the driver was  
15 principally at fault.

16 (2) A point for a moving violation.

17 (d) The person shall not have on record within the previous  
18 three years, an at-fault accident involving bodily injury or death.

19 (e) The person shall not have a felony or misdemeanor  
20 conviction for a violation of the Vehicle Code on his or her  
21 motor vehicle record.

22 (f) The person shall not be a college student claimed as a  
23 dependent of another person for federal or state income tax  
24 purposes.

25 SEC. 6. Section 11629.731 of the Insurance Code is amended  
26 to read:

27 11629.731. A person who meets the requirements of  
28 subdivision (a) of Section 11629.73, and who claims that he or  
29 she meets the requirements of subdivisions (b) to (e), inclusive,  
30 of Section 11629.73 based entirely or partially on a driver's  
31 license and driving experience obtained other than in the United  
32 States or Canada, shall be entitled to a rebuttable presumption  
33 that he or she is qualified to purchase a low-cost automobile  
34 insurance policy under the program if he or she has been licensed  
35 to drive pursuant to a license obtained in the United States or  
36 Canada for at least the previous 18 months and meets the criteria  
37 of subdivisions (b) to (e), inclusive, for that period.

38 SEC. 7. Section 11629.74 of the Insurance Code is amended  
39 to read:

1 11629.74. (a) Application may be made through any  
2 producer certified by the plan. The applicant, in order to  
3 demonstrate financial eligibility to purchase a low-cost  
4 automobile insurance policy under the program, shall present at  
5 the time of applying for the policy, a copy of the applicant's  
6 federal or state income tax return for the previous year or other  
7 reliable evidence from a governmental agency or governmental  
8 means-tested program of the applicant's gross annual household  
9 income, pursuant to regulations issued under subdivision (b) of  
10 Section 11629.79.

11 (b) The applicant shall certify that the representations made in  
12 the documents submitted as proof of financial eligibility and in  
13 the application for the policy are true, correct, and contain no  
14 material misrepresentations or omissions of fact to the best  
15 knowledge and belief of the applicant.

16 (c) The certified producer shall forward the application,  
17 supporting documents, and the applicant's certification to the  
18 California Automobile Assigned Risk Plan.

19 SEC. 8. Section 11629.75 of the Insurance Code is amended  
20 to read:

21 11629.75. (a) A certified producer shall provide to an  
22 applicant for a low-cost automobile insurance policy under this  
23 article a notice relating to coverage under the policy. The notice  
24 shall be provided in a separate document at the time of  
25 application, and include the following statement in 14-point  
26 boldface type:

27  
28 "NOTICE

29  
30 INSURANCE COVERAGE PROVIDED IN THE POLICY  
31 YOU ARE BUYING CONTAINS REDUCED LIABILITY  
32 COVERAGE FOR PERSONAL INJURIES OR PROPERTY  
33 DAMAGE RESULTING FROM THE OPERATION OF THE  
34 INSURED VEHICLE. IF LOSSES FROM AN AUTOMOBILE  
35 ACCIDENT EXCEED THE COVERAGE PROVIDED BY  
36 THIS POLICY, YOU CAN BE HELD PERSONALLY LIABLE  
37 AND RESPONSIBLE FOR THOSE LOSSES.

38  
39 THIS POLICY PROVIDES LIABILITY COVERAGE FOR  
40 INJURIES OR DEATH CAUSED TO OTHER PERSONS IN



1 THE TOTAL AMOUNT OF TEN THOUSAND DOLLARS  
2 (\$10,000) PER PERSON IN ANY ONE ACCIDENT, AND UP  
3 TO A TOTAL AMOUNT OF TWENTY THOUSAND  
4 DOLLARS (\$20,000) FOR ALL PERSONS IN ANY ONE  
5 ACCIDENT. THE POLICY ALSO PROVIDES UP TO A  
6 TOTAL AMOUNT OF THREE THOUSAND DOLLARS  
7 (\$3,000) IN LIABILITY COVERAGE FOR PROPERTY  
8 DAMAGE IN ANY ONE ACCIDENT. IF YOU WANT MORE  
9 INSURANCE COVERAGE, YOU MUST REQUEST A  
10 DIFFERENT POLICY.

11  
12 THIS POLICY ALSO DOES NOT COVER DAMAGE TO  
13 YOUR OWN VEHICLE, LOSSES RESULTING FROM YOUR  
14 BODILY INJURY OR DEATH, OR COVERAGE FOR  
15 LOSSES CAUSED BY AN UNINSURED OR  
16 UNDERINSURED DRIVER. HOWEVER, THESE OTHER  
17 COVERAGES MAY BE AVAILABLE AT EXTRA COST  
18 THROUGH OTHER INSURERS.

19  
20 THIS POLICY MAY ALSO CONTAIN UNINSURED  
21 MOTORIST BODILY INJURY COVERAGE IN THE TOTAL  
22 AMOUNT OF TEN THOUSAND DOLLARS (\$10,000) PER  
23 PERSON IN ANY ONE ACCIDENT AND UP TO A TOTAL  
24 AMOUNT OF TWENTY THOUSAND DOLLARS (\$20,000)  
25 FOR ALL PERSONS IN ANY ONE ACCIDENT, IF YOU SO  
26 CHOOSE. IN ADDITION, THIS POLICY MAY ALSO  
27 CONTAIN MEDICAL PAYMENTS COVERAGE IN THE  
28 AMOUNT OF ONE THOUSAND DOLLARS (\$1,000) PER  
29 PERSON IN ANY ONE ACCIDENT, IF YOU SO CHOOSE.

30  
31 THIS POLICY DOES NOT COVER ANY OTHER DRIVER IN  
32 YOUR HOUSEHOLD WHO:

33  
34 (a) IS UNDER 19 YEARS OF AGE; OR

35  
36 (b) HAS LESS THAN 3 YEARS OF CONTINUOUSLY  
37 LICENSED DRIVING EXPERIENCE; OR

38  
39 (c) HAS MORE THAN ONE OF EITHER, OR BOTH, OF THE  
40 FOLLOWING:

1  
2 —A PROPERTY DAMAGE ONLY ACCIDENT IN WHICH  
3 THE DRIVER WAS PRINCIPALLY AT FAULT.

4  
5 —A POINT FOR A MOVING VIOLATION; OR

6  
7 (d) HAS IN THE PREVIOUS 3 YEARS AN AT-FAULT  
8 ACCIDENT INVOLVING BODILY INJURY OR DEATH; OR

9  
10 (e) HAS A FELONY OR MISDEMEANOR CONVICTION  
11 FROM A VIOLATION OF THE VEHICLE CODE ON HIS OR  
12 HER MOTOR VEHICLE RECORD.”

13  
14 (b) When the certified producer establishes delivery of the  
15 disclosure form specified in subdivision (a) by obtaining the  
16 signature of the applicant or insured, there shall be a conclusive  
17 presumption that the certified producer has complied with the  
18 disclosure requirements of this section.

19 SEC. 9. Section 11629.76 of the Insurance Code is amended  
20 to read:

21 11629.76. (a) For a low-cost automobile insurance policy  
22 issued pursuant to the program, certified producers shall be  
23 entitled to the same commission rate as is paid by the California  
24 Automobile Assigned Risk Plan for private passenger, nonfleet  
25 risks under Article 4 (commencing with Section 11620).

26 (b) Notwithstanding subdivision (a), the commissioner may at  
27 any time establish a commission for a low-cost automobile  
28 insurance policy issued pursuant to the program and may make  
29 the commission effective on any policy originated within an  
30 entire year, or any portion of a year, as is needed to provide an  
31 incentive to certified producers to sell low-cost automobile  
32 insurance to eligible applicants. The commissioner shall not  
33 establish a commission pursuant to this subdivision if the  
34 commissioner determines that setting the commission rate will  
35 result in a lower commission percentage than would exist  
36 pursuant to subdivision (a).

37 (c) No other fees of any kind may be charged or collected  
38 pursuant to this section and the sale of a low-cost policy under  
39 this article shall not be conditioned on the purchase of any other  
40 product or service.

1 SEC. 10. Section 11629.77 of the Insurance Code is amended  
2 to read:

3 11629.77. (a) A low-cost automobile insurance policy issued  
4 pursuant to the program shall be canceled only for the following  
5 reasons:

6 (1) Nonpayment of premium.

7 (2) Fraud or material misrepresentation affecting the policy or  
8 the insured.

9 (3) The purchase of additional automobile liability insurance  
10 coverage in violation of subdivision (a) of Section 11629.78.

11 (4) The purchase or maintenance of automobile liability  
12 insurance coverage other than a low-cost policy for any  
13 additional vehicles in the insured's household, in violation of  
14 subdivision (b) of Section 11629.78.

15 (b) A policy shall be nonrenewed only for the following  
16 reasons:

17 (1) A substantial increase in the hazard insured against.

18 (2) The insured no longer meets the applicable eligibility  
19 requirements. In this regard, the eligibility of an insured shall be  
20 recertified by the California Automobile Assigned Risk Plan  
21 after the first year of eligibility, and annually thereafter by the  
22 insurer that issued the policy.

23 SEC. 11. Section 11629.78 of the Insurance Code is amended  
24 to read:

25 11629.78. (a) An insured under the program shall not  
26 purchase automobile liability insurance coverage that is in  
27 addition to the liability coverage provided by the low-cost policy.  
28 However, the insured may purchase any other additional type of  
29 automobile insurance coverage, such as uninsured motorist  
30 coverage or collision coverage outside the plan.

31 (b) An insured under the program shall not purchase or  
32 maintain any automobile liability insurance coverage other than a  
33 low-cost policy for any additional vehicles in the insured's  
34 household.

35 (c) No more than two low-cost policies per person are  
36 permitted.

37 SEC. 12. Section 11629.79 of the Insurance Code is amended  
38 to read:

39 11629.79. (a) The program for the County of Los Angeles  
40 and the City and County of San Francisco is authorized to

1 commence operations on January 1, 2000, but shall be fully  
2 operational no later than July 1, 2000.

3 (b) To this end, the commissioner, in consultation with the  
4 California Automobile Assigned Risk Plan, shall adopt  
5 regulations to implement the provisions of this article within 60  
6 days of its effective date. The regulations shall be adopted as  
7 emergency regulations in accordance with Chapter 3.5  
8 (commencing with Section 11340) of the Government Code, and  
9 for purposes of that chapter, the adoption of the regulations shall  
10 be considered by the Office of Administrative Law to be  
11 necessary for the immediate preservation of the public peace,  
12 health and safety, and general welfare.

13 (c) The program for the Counties of Alameda, Fresno, Orange,  
14 Riverside, San Bernardino, and San Diego shall commence  
15 operations on April 1, 2006, and shall be made operational in all  
16 other counties of California according to the discretion of the  
17 commissioner. The commissioner, in consultation with the  
18 California Automobile Assigned Risk Plan, shall adopt  
19 regulations to implement the expansion of the program to these  
20 counties. The regulations shall be adopted as emergency  
21 regulations in accordance with Chapter 3.5 (commencing with  
22 Section 11340) of the Government Code, and for purposes of that  
23 chapter, the adoption of the regulations shall be considered by the  
24 Office of Administrative Law to be necessary for the immediate  
25 preservation of the public peace, health and safety, and general  
26 welfare.

27 SEC. 13. Section 11629.8 of the Insurance Code is amended  
28 to read:

29 11629.8. Notwithstanding the coverage amounts required by  
30 Section 16056 of the Vehicle Code, a low-cost automobile policy  
31 issued under the program shall satisfy the financial responsibility  
32 requirements of Sections 4000.37, 16021, and 16431 of the  
33 Vehicle Code.

34 SEC. 14. Section 11629.81 of the Insurance Code is amended  
35 to read:

36 11629.81. The California Automobile Assigned Risk Plan  
37 shall report to the Legislature on an annual basis, commencing  
38 January 1, 2001, and at those additional times as it deems  
39 prudent, on the status of the program.

1 SEC. 15. Section 11629.84 of the Insurance Code is amended  
2 to read:

3 11629.84. This article shall remain in effect only until  
4 January 1, 2011, and as of that date is repealed, unless a later  
5 enacted statute, that is enacted before January 1, 2011, deletes or  
6 extends that date.

7 SEC. 16. Section 11629.85 of the Insurance Code is amended  
8 to read:

9 11629.85. (a) On or before February 1 of each year, the  
10 commissioner shall prepare and propose a plan to the Senate and  
11 Assembly Committees on Insurance setting forth the methods the  
12 commissioner intends to implement to inform households eligible  
13 for the program about the availability of low-cost automobile  
14 insurance. To be eligible for funding through the budget process,  
15 the plan shall be reviewed by the Senate and Assembly  
16 Committees on Insurance. The information required under  
17 subdivision (c) shall also be provided to the Senate and  
18 Assembly Committees on Transportation.

19 (b) The plan shall include, at a minimum, a brief description of  
20 methods proposed to be used, anticipated costs, sources of  
21 revenue, goals, targets, objectives, and a justification of the  
22 proposed methods. The plan shall also explain how the  
23 department proposes to work in cooperation with the California  
24 Automobile Assigned Risk Plan, the social service departments  
25 of the Counties of Los Angeles and San Francisco, the  
26 Department of Motor Vehicles, and community-based  
27 organizations in order to inform eligible households of the  
28 existence of the program.

29 (c) The plan shall also include all of the following:

30 (1) The commissioner's determination regarding whether the  
31 program has been successful, based on the criteria specified in  
32 subdivision (d), and an explanation regarding that success or lack  
33 thereof.

34 (2) Structural characteristics of the program that may require  
35 statutory revision in order for the program to succeed or to  
36 improve upon existing success.

37 (3) Impediments to success of the program that can reasonably  
38 be overcome by revision to the strategies adopted by the  
39 department.

1 (4) Administrative costs incurred by the low-cost automobile  
2 insurance program and participants in the program.

3 (d) The program is successful if the following occur:

4 (1) The program generated sufficient premiums to cover losses  
5 incurred under policies issued under the program, and expenses  
6 incurred by the program.

7 (2) The program served the public purpose of offering access  
8 to automobile insurance to otherwise underserved communities  
9 in the program areas.

10 (3) The program offered access to automobile insurance to  
11 previously uninsured motorists seeking affordable coverage in  
12 the program areas.

13 (e) Any written or oral advertisements, including, but not  
14 limited to, paid or unpaid commercial or noncommercial  
15 advertising, by the department with reference to the low-cost  
16 automobile insurance program shall reference the department and  
17 shall not reference the commissioner by name or office, or  
18 include the commissioner's voice, image, or likeness. The  
19 department shall not participate with any nongovernmental entity  
20 that produces or intends to produce advertisements or educational  
21 material that include the name of the commissioner or his or her  
22 voice, image or likeness, and that are intended to make eligible  
23 households aware of the existence of low-cost automobile  
24 insurance.

25 SEC. 17. Article 5.6 (commencing with Section 11629.9) of  
26 Chapter 1 of Part 3 of Division 2 of the Insurance Code is  
27 repealed.

28 SEC. 18. Section 4000.37 of the Vehicle Code is amended to  
29 read:

30 4000.37. (a) Upon application for renewal of registration of  
31 a motor vehicle, the department shall require that the applicant  
32 submit either a form approved by the department, but issued by  
33 the insurer, as specified in paragraph (1), (2), or (3), or any of the  
34 items specified in paragraph (4), as evidence that the applicant is  
35 in compliance with the financial responsibility laws of this state.

36 (1) For vehicles covered by private passenger automobile  
37 liability policies and having coverage as described in  
38 subdivisions (a) and (b) of Section 660 of the Insurance Code, or  
39 policies and coverages for private passenger automobile policies  
40 as described in subdivisions (a) and (b) of that section and issued

1 by an automobile assigned risk plan, the form shall include all of  
2 the following:

3 (A) The primary name of the insured covered by the policy or  
4 the vehicle owner, or both.

5 (B) The year, make, and vehicle identification number of the  
6 vehicle.

7 (C) The name, the National Association of Insurance  
8 Commissioners (NAIC) number, and the address of the insurance  
9 company or surety company providing a policy or bond for the  
10 vehicle.

11 (D) The policy or bond number, and the effective date and  
12 expiration date of that policy or bond.

13 (E) A statement from the insurance company or surety  
14 company that the policy or bond meets the requirements of  
15 Section 16056 or 16500.5. For the purposes of this section,  
16 policies described in Section 11629.71 of the Insurance Code are  
17 deemed to meet the requirements of Section 16056.

18 (2) For vehicles covered by commercial or fleet policies, and  
19 not private passenger automobile liability policies, as described  
20 in paragraph (1), the form shall include all of the following:

21 (A) The name and address of the vehicle owner or fleet  
22 operator.

23 (B) The name, the NAIC number, and the address of the  
24 insurance company or surety company providing a policy or  
25 bond for the vehicle.

26 (C) The policy or bond number, and the effective date and  
27 expiration date of the policy or bond.

28 (D) A statement from the insurance company or surety  
29 company that the policy or bond meets the requirements of  
30 Section 16056 or 16500.5 and is a commercial or fleet policy.  
31 For vehicles registered pursuant to Article 9.5 (commencing with  
32 Section 5301) or Article 4 (commencing with Section 8050) of  
33 Chapter 4, one form may be submitted per fleet as specified by  
34 the department.

35 (3) (A) The director may authorize an insurer to issue a form  
36 that does not conform to paragraph (1) or (2) if the director does  
37 all of the following:

38 (i) Determines that the entity issuing the alternate form is or  
39 will begin reporting the insurance information required under

1 paragraph (1) or (2) to the department through electronic  
2 transmission.

3 (ii) Determines that use of the alternate form furthers the  
4 interests of the state by enhancing the enforcement of the state's  
5 financial responsibility laws.

6 (iii) Approves the contents of the alternate form as providing  
7 an adequate means for persons to prove compliance with the  
8 financial responsibility laws.

9 (B) The director may authorize the use of the alternate form in  
10 lieu of the forms otherwise required under paragraph (1) or (2)  
11 for a period of four years or less and may renew that authority for  
12 additional periods of four years or less.

13 (4) In lieu of evidence of insurance as described in paragraphs  
14 (1), (2), and (3), one of the following documents as evidence of  
15 coverage under an alternative form of financial responsibility  
16 may be provided by the applicant:

17 (A) An evidence form, as specified by the department, that  
18 indicates either a certificate of self-insurance or an assignment of  
19 deposit letter has been issued by the department pursuant to  
20 Sections 16053 or 16054.2.

21 (B) An insurance covering note or binder pursuant to Section  
22 382 or 382.5 of the Insurance Code.

23 (C) An evidence form that indicates coverage is provided by a  
24 charitable risk pool operating under Section 5005.1 of the  
25 Corporations Code, if the registered owner of the vehicle is a  
26 nonprofit organization that is exempt from taxation under  
27 paragraph (3) of subsection (c) of Section 501 of the United  
28 States Internal Revenue Code. The evidence form shall include:

29 (i) The name and address of the vehicle owner or fleet  
30 operator.

31 (ii) The name and address of the charitable risk pool providing  
32 the policy for the vehicle.

33 (iii) The policy number, and the effective date and expiration  
34 date of the policy.

35 (iv) A statement from the charitable risk pool that the policy  
36 meets the requirements of subdivision (b) of Section 16054.2.

37 (b) This section does not apply to any of the following:

38 (1) A vehicle for which a certification has been filed pursuant  
39 to Section 4604, until the vehicle is registered for operation upon  
40 the highway.



(2) A vehicle that is owned or leased by, or under the direction of, the United States or any public entity that is included in Section 811.2 of the Government Code.

(3) A vehicle registration renewal application where there is a change of registered owner.

(4) A vehicle for which evidence of liability insurance information has been electronically filed with the department.

SEC. 19. Section 4000.38 of the Vehicle Code, as added by Section 3 of Chapter 920 of the Statutes of 2004, is amended to read:

4000.38. (a) The department shall suspend, cancel, or revoke the registration of a vehicle when it determines that any of the following circumstances has occurred:

(1) The registration was obtained by providing false evidence of financial responsibility to the department.

(2) Upon notification by an insurance company that the required coverage has been canceled and a sufficient period of time has elapsed since the cancellation notification, as determined by the department, for replacement coverage to be processed and received by the department.

(3) Evidence of financial responsibility has not been submitted to the department within 30 days of the issuance of a registration certificate for the original registration or transfer of registration of a vehicle.

(b) (1) Prior to suspending, canceling, or revoking the registration of a vehicle, the department shall notify the vehicle owner of its intent to suspend, cancel, or revoke the registration, and shall provide the vehicle owner a reasonable time, not less than 45 days in cases under paragraph (2) of subdivision (a), to provide evidence of financial responsibility or to establish that the vehicle is not being operated.

(2) For the low-cost automobile insurance program established under Section 11629.7 of the Insurance Code, the department shall provide residents with information on the notification document, in plain, bold type not less than 12 point in size, and in both English and Spanish, stating the following:

“A program offering affordable automobile insurance to low-income households has been established. To determine if you are eligible for this insurance, call (insert toll-free phone number for the California Automobile Assigned Risk Plan or its

1 successor). This call is free to you and may be made during  
2 normal business hours, Monday through Friday, except  
3 holidays.”

4 (c) Notwithstanding any other provision of this code, before a  
5 registration is reinstated after suspension, cancellation, or  
6 revocation, there shall be paid to the department, in addition to  
7 any other fees required by this code, a fee sufficient to pay the  
8 cost of the reissuance as determined by the department.

9 (d) This section shall become operative on January 1, 2006.

10 SEC. 20. Section 16020.1 of the Vehicle Code is amended to  
11 read:

12 16020.1. (a) On and after January 1, 2011, Section 4000.37  
13 does not apply to vehicle owners with a residence address in the  
14 County of Los Angeles at the time of registration renewal.

15 (b) On and after January 1, 2011, subdivisions (a) and (b) of  
16 Section 16028 do not apply to a person who drives a motor  
17 vehicle upon a highway in the County of Los Angeles.

18 SEC. 21. Section 16020.2 of the Vehicle Code is amended to  
19 read:

20 16020.2. (a) On and after January 1, 2011, Section 4000.37  
21 does not apply to vehicle owners with a residence address in the  
22 City and County of San Francisco at the time of registration  
23 renewal.

24 (b) On and after January 1, 2011, subdivisions (a) and (b) of  
25 Section 16028 do not apply to a person who drives a motor  
26 vehicle upon a highway in the City and County of San Francisco.

27 SEC. 22. Section 16056.1 of the Vehicle Code is amended to  
28 read:

29 16056.1. Notwithstanding the coverage limits specified in  
30 Section 16056, an automobile insurance policy described in  
31 Section 11629.71 of the Insurance Code shall be effective under  
32 Section 16054 when issued by an insurance company admitted to  
33 do business in this state by the Insurance Commissioner and the  
34 policy is subject, if the accident has resulted in bodily injury or  
35 death, to a limit, exclusive of interest and costs, of not less than  
36 ten thousand dollars (\$10,000) because of bodily injury to or  
37 death of one person in any one accident and, subject to that limit  
38 for one person, to a limit of not less than twenty thousand dollars  
39 (\$20,000) because of bodily injury to or death of two or more  
40 persons in any one accident, and if the accident has resulted in

- 1 injury to, or destruction of property, to a limit of not less than
- 2 three thousand dollars (\$3,000) because of injury to or
- 3 destruction of property of others in any one accident.

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